



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2011 Biennium

<b>Bill #</b>	HB0667	<b>Title:</b>	Deduct lodging and meals for attendance in Helena for certain elected officers
<b>Primary Sponsor:</b>	Noonan, Art	<b>Status:</b>	As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Needs to be included in HB 2  | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	(\$7,176)	(\$7,359)	(\$7,580)	(\$7,809)
<b>Net Impact-General Fund Balance:</b>	<u>(\$7,176)</u>	<u>(\$7,359)</u>	<u>(\$7,580)</u>	<u>(\$7,809)</u>

**Description of fiscal impact:** This bill reduces income tax revenue to the general fund by \$7,200 to \$7,800 per year for FY 2010 – FY 2013.

### FISCAL ANALYSIS

#### Assumptions:

1. This bill allows a state officer, other than a legislator, who is elected from a district in which residence in the district is a qualification for office and who resides more than 50 miles from the Helena city limits to deduct the documented cost of meals and lodging expenses incurred for each day of attendance in Helena. These meal and lodging expenses may not exceed the daily allowance for legislators.
2. Currently the maximum lodging expense allowed for Lewis and Clark County is \$77 per day; the maximum allowance for breakfast, lunch and dinner is \$23 per day. Therefore, the maximum daily allowance for legislators is \$100.
3. For purposes of this fiscal note, it is assumed that there are four elected state officers who would be able to claim this deduction against taxes and these officers are in Helena five days a week for 52 weeks per year. The estimated deduction that will be claimed per officer is \$26,000 (\$100 per day x 5 days x 52 weeks).
4. The top state marginal income tax rate is 6.9%; therefore the maximum deduction allowed per officer would reduce state income taxes by \$1,794 (\$26,000 x 6.9%).
5. Total reduction in personal income tax revenue to the state is \$7,176 (4 x \$1,794).

6. Provisions of this bill become effective upon passage and approval and apply to tax years beginning with 2009.
7. Based upon the official revenue estimates, the state inflation growth rate is 2.55% for tax year 2010 and 3.01% for tax year 2011. Therefore the estimated revenue reduction is \$7,359 in tax year 2010 and \$7,580 in for tax year 2011. The tax year inflation rate for 2011 is assumed to apply to tax year 2012; therefore the estimated revenue reduction in tax year 2012 is \$7,809.
8. Most income tax returns are filed after the end of the tax year, late in the next numbered fiscal year. Therefore the estimated revenue reduction is \$7,176 in FY 2010, \$7,359 in FY 2011, \$7,580 in FY 2012, and \$7,809 in FY 2013.
9. Changes to tax forms required by this bill will be made as part of the annual update process with no additional costs to the Department of Revenue.

	<b><u>FY 2010 Difference</u></b>	<b><u>FY 2011 Difference</u></b>	<b><u>FY 2012 Difference</u></b>	<b><u>FY 2013 Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
<b><u>Revenues:</u></b>				
General Fund (01)	(\$7,176)	(\$7,359)	(\$7,580)	(\$7,809)
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$7,176)	(\$7,359)	(\$7,580)	(\$7,809)

**Technical Notes:**

1. Currently these state officials could be reporting these expenses as unreimbursed employee business expenses under itemized deductions, subject to the 2% limitation.

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*Sponsor's Initials*

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*Budget Director's Initials*

\_\_\_\_\_  
*Date*